



Town of Vienna

Charles A. Robinson Jr.
Town Hall
127 Center Street South
Vienna VA, 22180

Legislation Text

File #: 19-1256, **Version:** 1

Subject:

Letter of Agreement with Fairfax County Regarding Sewer Debt

EXPLANATION AND SUMMARY :

The Town and Fairfax County have an agreement dated January 30, 1963 that requires the Town to contribute its share of capital and operating costs associated with the repair, maintenance, and regulator-imposed upgrades at the county's wastewater treatment facility. Operating costs are billed to the Town semi-annually, and capital costs were previously aligned with the county's debt issuances. The county provided the Town with a debt amortization schedule for our portion of the debt at the interest rate they received.

In 2013 the County changed its method of billing participating jurisdictions for capital costs to a pay-as-you-go basis. The Town made a verbal agreement with the county at that point to be billed for interest at the county's debt rate and to pay off the principal every two years when the Town issued its general obligation debt. This obligation is part of capital costs figured into the water and sewer rate study and is repaid with water and sewer fees collected from customers.

The county now seeks a letter of agreement to formalize this verbal agreement. The interest rate will be adjusted by the county at the next issuance of its sewer revenue bonds, which currently is scheduled for spring 2020.

The Finance Department requests that Town Council approve the letter agreement for interest on outstanding sewer capital costs, currently at an interest rate of 3.91%.

Departmental Recommendation : Recommend that Council approve the letter agreement with Fairfax County for outstanding sewer capital interest payments.

Finance Recommendation : Recommend that Council approve the letter agreement with Fairfax County for outstanding sewer capital interest payments.

Purchasing Recommendation : N/A

Town Attorney Recommendation : The Town has for many years contributed its proportional share of capital improvements to the two wastewater treatment facilities utilized by the Town. The Town generally negotiates a payment plan rather than make a single payment. Town Council may approve the payment terms proposed by Fairfax County in Town Council's discretion.

Town Manager's Recommendation : I recommend the Town Council approve a letter of agreement with Fairfax County regarding interest payments on the Town of Vienna's share of county sewer debt, as presented.

Cost and Financing: not to exceed \$150,000 annually

Account Number: 500-501-0000-50114-43807

Decision Needed by This date: May 13, 2019

PROPOSED/SUGGESTED MOTION

"I move to approve a letter agreement with Fairfax County regarding interest payments on the Town of Vienna's share of county sewer debt."

Or

Other action deemed necessary by Council.